

## Message Text

UNCLASSIFIED

PAGE 01 JOHANN 00831 121416Z

51

ACTION COME-00

INFO OCT-01 AF-06 ISO-00 EB-07 CIAE-00 INR-07 NSAE-00 /021 W

----- 015996

R 121350Z JUN 75

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 3946

UNCLAS JOHANNESBURG 831

E.O. 11652: N/A

TAGS: BEXP, SF

SUBJECT: INITIAL MARKETING EFFORT IN AFRICA BY AMERICAN FIRM

REF: A-3247, MAY 7, 1975

1. BECAUSE OF THE ARID NATURE OF VAST AREAS OF SOUTH AFRICA, WHICH RELY ALMOST TOTALLY ON IRRIGATION AND BOREHOLES (WATERWELLS) FOR WATER SUPPLIES, AS WELL AS THE COUNTRY'S EXTENSIVE MINING OPERATIONS (PARTICULARLY OPENCAST MINING) DOMESTIC INDUSTRY HAS DEVELOPED TO MEET THE DEMAND FOR EQUIPMENT USED IN THIS FIELD. WHILST ABOUT FIVE TO TEN YEARS AGO, LOCAL DEMAND RELIED HEAVILY ON IMPORTATION TO PROVIDE THE TYPE OF PRODUCT OFFERED BY TRW MISSION, THIS IS NOW BEING MANUFACTURED EXTENSIVELY BY LOCAL INDUSTRY, WHICH APPEARS TO BE WELL EQUIPPED TO MEET THE COUNTRY'S REQUIREMENTS. ACCORDING TO A SENIOR OFFICIAL OF THE SAG'S DEPT OF WATER AFFAIRS (ONE OF THE LARGEST USERS OF THIS TYPE OF EQUIP) THE MARKET IS ALMOST TOTALLY DOMINATED BY LOCAL PRODUCTS EXCEPT PERHAPS FOR LARGER DIAMETER PERCUSSION DRILLING TOOLS AND BITS. THESE ARE NOW BEING MANUFACTURED LOCALLY UP TO A DIAMETER OF 8", AND IT IS REPORTED THAT ONE OF THE LARGER MANUFACTURERS IN THIS LINE WILL SHORTLY START PRODUCTION OF BITS UP TO 14" IN DIAMETER. IT WOULD ALSO APPEAR THAT THE INDUSTRIAL CENTRIFUGAL PUMP IS NOT MANUFACTURED EXTENSIVELY BY LOCAL INDUSTRY, DUE POSSIBLY TO A LIMITED DEMAND FOR THIS TYPE OF SPECIALIZED PUMP. SOURCES CANVASSED ALSO EXPRESSED THE VIEW THAT THE TYPE OF WATERWELL PUMP PRODUCED BY TRW MIGHT BE SALEABLE IN THIS COUNTRY AS IT APPEARS TO BE MORE EFFICIENT AND ECONOMICAL THAN THE LOCALLY PRODUCED PUMP OF A SIMILAR TYPE

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 JOHANN 00831 121416Z

2. AS INDICATED IN PARAGRAAPH 1 ABOVE, THE LARGEST DEMAND FOR THE

PUMPS, DRILLING TOOLS AND VALVES PRODUCED BY TRW MISSION, WOULD APPEAR TO BE IN THE WATERWELL AND WATER SUPPLY AND CONTROL FIELDS. AS WELL AS IN OPENCAST MINING OPERATIONS, QUARRIES AND HIGHWAY CONSTRUCTION. THE INDUSTRIAL CENTRIFUGAL PUMPS IS OF COURSE USED IN THE CHEMICAL PROCESS INDUSTRY.

3. IN VIEW OF THE FACT THAT LOCAL INDUSTRY SEEMS TO BE ABLE TO SATISFY THE COUNTRY'S REQUIREMENTS FOR THIS TYPE OF EQUIPMENT, IT IS DOUBTED WHETHER TRW MISSION COULD COMPETE FAVORABLY FOR A SHARE OF THE SOUTH AFRICAN MARKET. IT WOULD ALSO APPEAR THAT LOCAL INDUSTRY IS PROTECTED TO AN EXTENT BY HIGH IMPORT TARIFFS ON SOME OF THESE PRODUCTS. IN THIS REGARD IT SHOULD BE MENTIONED THAT THE TARIFF ON CENTRIFUGAL PUMPS IS AS HIGH AS 20 PERCENT, WHILE THE TARIFF ON WATERWELL PUMPS IS 15 PERCENT, WHICH IS ALSO CONSIDERED TO BE HIGH. TARIFFS ON VALVES AND DRILL BITS ARE REASONABLE, AT ABOUT 5 PERCENT. ACCORDING TO THE CHAIRMAN OF A MAJOR METAL FABRICATING COMPANY AT PRESENT MANUFACTURING IN THIS LINE, IT WOULD NOT BE WORTH TRW MISSION'S WHILE TO TRY TO MARKET ITS PRODUCTS IN THIS COUNTRY, UNLESS IT IS PREPARED TO CONSIDER A JOINT VENTURE MANUFACTURING OPERATION. WE TEND TO AGREE WITH THIS OPINION AND THUS FEEL THAT A VISIT TO THIS COUNTRY FROM TRW MISSION WOULD ONLY BE JUSTIFIED IF SOUTH AFRICA IS BEING SERIOUSLY CONSIDERED AS THE COUNTRY IN AFRICA IN WHICH TO ESTABLISH A JOINT-VENTURE OPERATION.  
GUTHRIE

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975JOHANN00831  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750205-0383  
**From:** JOHANNESBURG  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750657/aaaacabm.tel  
**Line Count:** 85  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION COME  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 A-3247, 75 MAY 7, 75 1975  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 FEB 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 FEB 2003 by PhilliR0>; APPROVED <11 FEB 2004 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INITIAL MARKETING EFFORT IN AFRICA BY AMERICAN FIRM  
**TAGS:** BEXP, SF  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006